

The minutes set forth are an unofficial copy of this month's Board meeting minutes. For an official (signed) copy please contact the Authority.

IOWA FINANCE AUTHORITY BOARD MEETING MINUTES

**Hotel Fort Des Moines
June 1, 2005**

BOARD MEMBERS PRESENT

Vincent Lintz, Chair	Roger Caudron
Kay Anderson, Vice Chair (via telephone)	Heather Kramer (via telephone)
Steve Adams (via telephone)	Dick Wright
Virginia Bordwell	Douglas Walter

STAFF MEMBERS PRESENT

Bret Mills, Executive Director	Tim Jansen, Accountant
Lori Beary, Community Development Finance Officer	Craig Johnson, Financial Analyst
Mickey Carlson, Single Family Program Manager	Tim Morlan, Financial Analyst
Dennis Dietz, Director of Policy and Governmental Affairs	Sharon Murphy, Housing Specialist, HAF/HIRE
Alyson Fleming, Administrative Assistant	Loyd Ogle, Director, Title Guaranty Division
Shawna Lode, Communications Director	James Smith, General Counsel
	Tim Waddell, Tax Credit Manager
	Nancy Wallis, Administrative Assistant
	Vicky Winter-Clearman, Legal Secretary

OTHERS PRESENT

Scott Anderson – Gilmore Bell	Darla Giese – Dorsey & Whitney Law Firm
Kristi Boyce – Wells Fargo Bank NA	David Grossklaus – Dorsey & Whitney Law Firm
Dave Bridgewater – Hubbell Realty	David Hill – Cherry Lane Company
Bob Burns – Burns & Burns, LLC	Nicole Jones – Treasurer of State
Al Collet – IDED	Frank Levy – Newbury Development
Jim Conlin – Conlin Properties	Renie Neuberger
Jon Coons – Aequitas Development	Joe O'Hern – Fannie Mae
Nicholas Critelli – Critelli Law Firm	Bruce Ray – Dept. of Housing and Urban Development
Joni DeVries – Wells Fargo Bank Iowa, NA	Kristin Saddoris – Conlin Properties
Elise Downer – Dorsey & Whitney Law Firm	Terry Vestal – IDED
Monica Fischer – Department of Cultural Affairs	Jeff Voorhees – National Consulting Alliance
Dan Garrett – Iowa Equity Fund	Elaina Welsh – Burns & Burns LLC

CALL TO ORDER

Chair Lintz called to order the June 1, 2005 meeting of the Iowa Finance Authority (IFA) Board of Directors at 10:55 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Anderson, Adams, Bordwell, Caudron, Kramer, Walter and Wright.

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REVIEW AND APPROVAL OF MINUTES

May 5, 2005

Chair Lintz introduced the minutes of the May 5, 2005 meeting of the Iowa Finance Authority Board of Directors.

MOTION: On a motion by Mr. Walter and a second by Ms. Bordwell, the Board unanimously approved the minutes of the May 5, 2005 meeting.

ADMINISTRATION/MANAGEMENT REPORT

Summary & Overview

Mr. Mills referred to the handout included in the Board materials summarizing the initiatives and focus of the Authority and staff assessment of Authority programs. He requested the Board's input after reviewing the document for discussion at the July Board meeting.

Mr. Wright inquired of the proposed sponsorship by the Authority of a Habitat for Humanity home and how the decision to sponsor such a project was made.

Mr. Mills stated the Governor's Executive Order Number 39 names the Authority as a principal agency in carrying out the Great Places initiative. He said this initiative is a tool for communities to work with state government and the Authority, as the State's Housing Agency, is considered a resource for these communities. Mr. Mills stated the sponsorship of a Habitat for Humanity home with volunteer hours by Authority staff is in commemoration of the Authority's thirtieth anniversary.

Mr. Mills announced two members of the Authority staff will receive the Governor's Golden Dome Award, Ms. Donna Davis for Leader of the Year, and Ms. Karen Rasmussen for Employee of the Year.

Resolution Re: Ms. Monica Fischer

Mr. Mills presented the resolution recognizing Ms. Fischer's record of service with the Authority. He read aloud portions of the Resolution.

MOTION: Ms. Bordwell made a motion to approve the Resolution Re: Ms. Monica Fischer. On a second by Mr. Adams, the Board unanimously approved the Resolution Re: Ms. Monica Fischer.

LEGAL / REGULATORY

Notice of Intended Action Re: 265 IAC Chapter 12; 2006 Qualified Allocation Plan

Mr. Smith introduced the Notice of Intended Action Re: 265 IAC Chapter 12; Qualified Allocation Plan. He referred to the draft QAP which was included in the Board materials.

Mr. Tim Waddell referred to the summary of changes included in the Board materials.

A general discussion followed regarding the summary of changes.

Mr. Smith briefly explained the changes made to the QAP for the filing of an appeal. He said these changes incorporate those suggested by the Attorney General's office and include contested case proceedings and specific time frames in a condensed process.

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MOTION: Mr. Caudron made a motion to approve the Notice of Intended Action Re: 265 IAC Chapter 12, 2006 Qualified Allocation Plan. On a second by Mr. Wright, the Board unanimously approved the Notice of Intended Action Re: 265 IAC Chapter 12, 2006 Qualified Allocation Plan.

FINANCE AND ACCOUNTING

Finance Update

Approval of Financial Statement

Mr. Harvey reported current month revenue exceeded budget as Service Acquisition Fees were reverted to historical treatment. He said those revenues had been deferred in FY05 pending review which was completed in April. Mr. Harvey stated current month expense also exceeded budget as all grant expense previously approved by the Board was recognized. He said in the future all grant expense will be recognized in the month the Board takes action, which eliminates the need for the Housing Agency Off Balance Sheet Commitments worksheet included in previous month's reports. Mr. Harvey reported YTD expenses are generally under budget for most line items. He said Operating Income is \$1,376,842 favorable to budget.

A general discussion followed regarding the balance of a previously approved grant, the balance of which have not yet been drawn down by the grantee.

Mr. Wright inquired as to the Authority's control over grant proceeds.

Mr. Smith stated all grantees are required to sign a grant agreement before funds are disbursed and follow-up by Authority staff is made to verify the grant proceeds are used according to the signed grant agreement.

MOTION: Mr. Walter made a motion to approve the April financial statement. On a second by Mr. Caudron, the Board unanimously approved the April financial statement.

FY06 Budget

Mr. Harvey introduced the Authority's FY 2006 Housing Agency Budget. He said FY05 is forecast to exceed the FY05 Budget in all categories due to solid agency performance and a net favorable effect of several accounting issues, including SF Cost of Issuance of \$4.0 million, Service Acquisition Fees of \$2.7 million, Off Balance Sheet expensed grant commitments of \$1.5 million, and the booking of a \$.5 million liability for contingency Iowa Housing Corporation (IHC) claims that the Board approved in FY03 with the formation of the State Housing Trust Fund, which should have been booked at that time.

Mr. Wright inquired as to the Authority's Strategic Plan and the Budget.

Mr. Mills explained the Authority's mission and goals are included in the Budget.

MOTION: Mr. Caudron made a motion to approve the Authority's FY06 Housing Agency Budget. On a second by Ms. Anderson, the Board unanimously approved the Authority's FY06 Housing Agency Budget.

Resolution Authorizing Single Family Bonds 2005 Series D E F

Mr. Smith introduced the Resolution Authorizing Single Family Bonds 2005 Series D E F. He said three issues of Bonds are expected to be issued, 2005 Series D fixed rate bonds, 2005 Series E fixed rate bonds,

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and 2005 Series F variable rate bonds. Mr. Smith stated the total principal amount will not exceed \$70 million with the expected issue size approximately \$60 million.

MOTION: Mr. Wright made a motion adopting and approving Series Resolutions relating to Single Family Mortgage Bonds, 2005 Series D, 2005 Series E and 2005 Series F, and authorizing the issuance, sale and delivery of the Authority's Single Family Mortgage Bonds pursuant to such series resolutions; authorizing the execution and delivery of one or more contracts of purchase and a continuing disclosure agreement; and delegating certain responsibilities to the Executive Director for finalizing certain matters, forms and contents of certain documents. On a second by Ms. Bordwell, the Board unanimously approved the Resolution Authorizing Single Family Bonds 2005 Series D E F.

Resolution Re: Master Indenture of Trust for Multifamily Housing Bonds

Mr. Smith introduced the Resolution Re: Master Indenture of Trust for Multifamily Housing Bonds. He explained under the master trust indenture the Authority is permitted to issue bonds under supplemental trust indentures for multifamily loans.

MOTION: Mr. Adams made a motion to approve the Resolution Re: Master Indenture of Trust for Multifamily Housing Bonds to provide for the issuance of Multifamily Housing Bonds of the Authority to fund a portion of its Multifamily Loan Program, Transferring funds from the General Fund to the Multifamily Endowment Fund created under the Master Indenture, and delegating certain responsibilities to the Executive Director for finalizing the forms and content of such indenture. On a second by Ms. Anderson the Board unanimously approved the Resolution Re: Master Indenture of Trust for Multifamily Housing Bonds.

Mr. Mills explained the transfer of funds from the General Fund to the Multifamily Endowment was planned well over a year ago and will be on the Authority's balance sheet and audited financials.

COMMUNITY / ECONOMIC DEVELOPMENT /STATE REVOLVING FUND (SRF) PROGRAM

Economic Development Loan Program

ED. Loan #05-02, Interstate Power and Light Company Project

Ms. Beary introduced the authorizing resolution for \$38,385,000 of Iowa Finance Authority Pollution Control Facility Revenue Bonds for Interstate Power and Light Company. She said the bonds will be used to refund and consolidate eight existing tax-exempt pollution control bonds into a single tax-exempt financing. Ms. Beary stated the facilities are in the counties of Allamakee, Woodbury, Clinton, Linn, Marshall, Boone and Wapello. She said the public hearing notice was published in papers serving Des Moines, Clinton, Sioux City, Lansing, Cedar Rapids, Marshalltown, Boone and Ottumwa. Ms. Beary stated the inducement resolution was adopted on April 26, 2005 and the public hearing was held on May 5, 2005. She said the project will not require Private Activity Bond Cap.

MOTION: Mr. Walter made a motion authorizing the issuance of not to exceed \$38,385,000 Iowa Finance Authority Pollution Control Facility Revenue Refunding Bonds (Interstate Power and Light Company Project), Series 2005 for the purpose of making a loan to assist the borrower in the refinancing and refunding of revenue bonds previously issued in respect to a project; authorizing the execution and delivery of certain financing documents pertaining to the refinancing of the project; authorizing an assignment of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; authorizing the appointment of a trustee; and related matters. On a second by Ms. Anderson, the Board unanimously approved Resolution #05-02B.

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ED. Loan #05-04, Iowa Health Systems Public Hearing

Ms. Beary asked the Authority to hold a public hearing at 10:45 a.m. regarding the issuance of an amount not to exceed \$425,000,000 in Iowa Finance Authority Hospital Revenue and Refunding Bonds for Iowa Health System. She said the bonds will be used for the acquisition of large medical equipment and imaging technology, replacement of the phone system and for the remodeling and expansion of facilities in Bettendorf, Des Moines, Cedar Rapids, Waterloo, Dubuque, Fort Dodge and Sioux City.

Public Hearing

Chair Lintz opened the public hearing at 12:12 p.m. regarding the issuance of an aggregate amount not to exceed \$425,000,000 in Iowa Finance Authority Hospital Revenue and Refunding Bonds for Iowa Health System. Mr. Mills stated the Authority had received no verbal or written comments regarding the project. There being no verbal or written comments from the audience, Chair Lintz closed the public hearing at 12:13 p.m.

ED. Loan #05-04, Iowa Health Systems

Ms. Beary introduced the authorizing resolution for \$425,000,000 of Iowa Finance Authority Hospital Revenue and Refunding Bonds for Iowa Health System. She said the inducement resolution was adopted on May 5, 2005. Ms. Beary stated the project will not require Private Activity Bond Cap.

MOTION: Ms. Bordwell made a motion authorizing the issuance of not to exceed \$425,000,000 Iowa Finance Authority Hospital Facilities Revenue Bonds (Iowa Health System) in one or more series for the purpose of making a loan to assist the borrower in refunding certain prior bonds and in the acquisition, construction, renovation and equipping of various projects; authorizing the execution and delivery of certain financing documents for further securing the payment of the bonds; authorizing the sale of the bonds; authorizing the appointment of a trustee; and related matters. On a second by Ms. Kramer the Board unanimously approved Resolution #05-04B.

Mr. Wright inquired as to the large dollar amount of the bond issue.

Ms. Darla Giese, of the Dorsey and Whitney Law Firm, explained the amount in question is for two indentures and the Authority receives a percentage of the amount of bonds issued as issuer fees.

Public Hearing Warrior Hotel

Ms. Beary asked the Authority to hold a public hearing at 10:45 a.m. regarding the issuance of an amount not to exceed \$6,000,000 of Iowa Finance Authority Housing Development Revenue Bonds for the Warrior Hotel. She said the bonds will be used for the rehabilitation of a 10-story Art Deco Hotel in Sioux City. Ms. Beary stated the Warrior will have one floor of commercial space and 9 floors of housing for the frail elderly, for a total of 93 rental units. She said the project will require Private Activity Bond Cap.

Public Hearing

Chair Lintz opened the public hearing at 12:15 p.m. regarding the issuance of an aggregate amount not to exceed \$6,000,000 of Iowa Finance Authority Housing Development Revenue Bonds for the Warrior Hotel. Mr. Mills stated the Authority had received no verbal or written comments regarding the project. There being no verbal or written comments from the audience, Chair Lintz closed the public hearing at 12:16 p.m.

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State Revolving Loan Fund Update

Ms. Beary reported she is currently in the process of rewriting the Administrative rules and the Notice of Intended Action will be presented at the July Board of Directors meeting.

HOUSING PROGRAMS

Resolution Re: Single Family Rehabilitation Loan Program

In the absence of Ms. Donna Davis, Mr. Smith introduced the Resolution Re: Single Family Loan Program. He said the Authority committed an aggregate amount up to \$1 million for loans under the Rehab Program in FY06.

Mr. Adams inquired as to the maximum amount available under the program.

Ms. Mickey Carlson briefly explained the purpose of the program is to make available up to \$1, million for use by qualifying entities to rehabilitate single family homes in their local communities. She said the qualifying entities will apply for funds by demonstrating core competencies in the following three areas: rehabilitation construction oversight, management of loan funds, and assistance to lower income households in attaining or maintaining home ownership.

Mr. Caudron suggested the resolution include Board approval of amounts less than the total award amount available under the program.

MOTION: Mr. Adams made a motion to approve the Resolution Re: Single Family Rehabilitation Loan Program with Board discretion to approve amounts less than those requested under the program. On a second by Ms. Bordwell, the Board unanimously approved the Resolution Re: Single Family Rehabilitation Loan Program with Board discretion to approve amounts less than those requested under the program.

Resolution Re: Waiting List Allocation

Mr. Tim Waddell introduced the Resolution Re: Waiting List Allocation. He explained at the May 5, 2005 Board of Directors meeting two projects were placed on the waiting list for tax credits. Ms. Waddell stated that subsequent to placement on the waiting list, the Lake Plaza Associates Phase II, L.P. project requested an allocation of tax credits for the Lake Plaza Phase II project. He said Authority staff recommends a tax credit reservation to the project in an amount not to exceed \$164,280, which amount may be adjusted downward pursuant to underwriting by the Authority.

Ms. Bordwell inquired as to the name of the other project mentioned in the Resolution.

Mr. Smith stated the other project mentioned in the Resolution has not yet made a formal request for tax credits.

Ms. Bordwell suggested the mention of the second project be stricken from the resolution.

Chair Lintz inquired of the Board their preference in omitting the reference to the second project.

MOTION: Mr. Adams made a motion to approve the Resolution Re: Waiting List Allocation in reserving an amount of up to \$164,280 to the Lake Plaza Associates Phase II, L.P. Project and omitting

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mention of the second unnamed project from the Resolution. On a second by Mr. Wright the Board unanimously approved the Resolution Re: Waiting List Allocation.

Resolution Re: Internship Program Grant for Habitat for Humanity of Iowa

Mr. Mills introduced the Resolution Re: Internship Program Grant for Habitat for Humanity of Iowa. He said an award of \$2,000 will be made to Habitat for Humanity of Iowa, Inc., to hire an intern to increase the efficiency of the Wells Fargo Volunteer Coordination Program and other public relations projects.

MOTION: Ms. Anderson made a motion to approve the Resolution Re: Internship Program Grant for Habitat for Humanity of Iowa in the amount of \$2,000. On a second by Ms. Bordwell, the Board unanimously approved the Resolution Re: Internship Program Grant for Habitat for Humanity of Iowa.

Resolution Re: Grant to Habitat for Humanity of Iowa

Mr. Mills introduced the Resolution Re: Grant to Habitat for Humanity of Iowa. He said in recognition of the Authority's 30th Anniversary and National Homeownership Month; the Authority will provide a \$30,000 grant to Habitat for Humanity of Iowa, Inc. Mr. Mills said the funds to be used by Habitat for Humanity of Iowa, Inc. to pay a portion of the costs of constructing new homes across the state and up to \$1,500 of the \$30,000 grant will be used for administrative costs for Habitat for Humanity of Iowa, Inc.

MOTION: Mr. Caudron made a motion to approve the Resolution Re: Grant to Habitat for Humanity of Iowa in the amount of \$30,000. On a second by Mr. Walter, the Board unanimously approved the Resolution Re: Grant to Habitat for Humanity of Iowa.

Mr. Wright inquired as to the possibility of a report which details the uses of the funds awarded today by the Board to Habitat for Humanity of Iowa, Inc.

Mr. Mills said a report detailing the disbursement of the grant funds would be requested from Habitat for Humanity of Iowa.

Resolution Re: Grant for Great Places

Mr. Mills introduced the Resolution Re: Grant for Great Places. He said under Executive Order Thirty-Nine signed by Governor Vilsack on January 11, 2005 Great Places was designed to bring together the resources of state government to build capacity in communities, regions, neighborhoods or districts to cultivate the unique and authentic qualities that make these areas special places to live and work. Mr. Mills stated the Authority is named as one of the three lead agencies for Great Places. He said \$30,000 has been proposed for this initiative.

Mr. Wright inquired as to the \$30,000 which was requested and how that amount was determined. He also inquired as to the intended use of the funds.

Mr. Mills stated \$30,000 was requested by the Authority along with funds from DED. He said a report with an overview of the funds requested will be made available to the Board via email.

MOTION: Mr. Wright made a motion to approve the Resolution Re: Grant for Great Places in the amount of \$30,000 with the condition a report on the proposed use of the funds is made available to the

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Board. On a second by Ms. Bordwell, the Board unanimously approved the Resolution Re: Grant for Great Places.

TITLE GUARANTY DIVISION (TGD)

Mr. Ogle referred to the charts included in the Board materials and updated the Board on upcoming events of the Division.

POLICY / LEGISLATION

Mr. Dietz referred to the handout included in the Board materials and presented a brief report on the pending legislation of interest to the Authority.

COMMUNICATIONS

Ms. Shawna Lode introduced herself and referred to the handouts included in the Board materials.

MISCELLANEOUS ITEMS

Receive Comments from General Public

Chair Lintz opened the public comment period and asked if anyone in the audience would like to address the Board.

Mr. Jon Coons, President of Aequitas Development, read a prepared statement to the Board regarding the proposed Cherry Lane project. He also introduced Mr. David Hill, with Cherry Lane Company, Mr. Jeff Voorhees with National Consulting Alliance, and Mr. Nicholas Critelli with the Critelli Law Firm.

Next Month

The next regular meeting will be held at 10:45 a.m. on Wednesday, July 6, 2005 in the Iowa Hospital Association Education Center, located on the first floor of 100 East Grand Avenue, Des Moines, Iowa.

ADJOURNMENT

There being no further business, on a motion by Mr. Caudron and a second by Mr. Wright, the June meeting of the Iowa Finance Authority Board of Directors adjourned at 1:09 p.m.

Dated this 6th day of July 2005.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director
Iowa Finance Authority

Vincent Lintz, Chair
Iowa Finance Authority